



Fact Sheet

U.S. Department of Agriculture
Foreign Agricultural Service
February 2000

Permanent Normal Trade Relations with China **What's at Stake for Georgia?**

Georgia is an important producer of agricultural and forestry products and a large exporter. The state's farm cash receipts and forest industry shipments totaled \$5.5 billion in 1998 and \$3.7 billion in 1996, respectively. As for exports, Georgia ranked 15th among all 50 states, with the value of agricultural products leaving the state estimated at \$1.1 billion in 1998. These exports help boost farm prices and income, while supporting jobs both on the farm and off the farm in food processing, storage, and transportation.

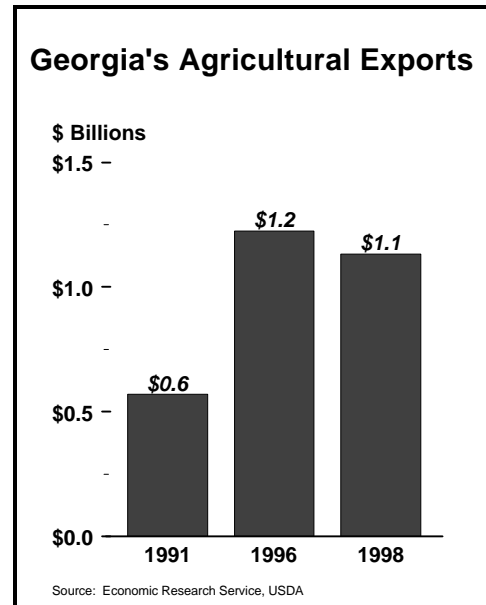
Trade Benefits

The following key products are important to Georgia, and expected to reap some of the largest agricultural export gains from China's accession to the World Trade Organization (WTO).

Poultry Meat--As a top poultry producer, Georgia's poultry and product exports worldwide were estimated at \$375 million in 1998. With imports accounting for 12 percent of total consumption, China is already the second leading market for U.S. poultry exports. Under its WTO accession agreement, China will cut its tariff in half (from 20 percent to 10 percent) by 2004 for frozen poultry cuts. There will be no quantity limits at these tariff levels. As a result of the 1999 U.S.-China bilateral agreement, China agreed to accept all poultry meat from the United States that is certified wholesome by USDA.

Cotton--Georgia is the third largest cotton-producing state, with exports worldwide estimated at \$261 million in 1998. China is the world's largest consumer and producer of cotton, and one of the largest overseas markets for U.S. cotton. Under its WTO accession agreement, China will establish a tariff-rate quota (TRQ) on cotton of 743,000 metric tons, which will grow to 894,000 metric tons by 2004. Imports under the TRQ will be charged a nominal 1-percent tariff and private traders will be permitted to handle two-thirds of imports under the TRQ. In 1998, China imported less than 200,000 metric tons of cotton from all countries. China's commitment to end export subsidies will reduce its price competitiveness in other markets.

Beef and Pork--Georgia's hog and cattle industry is important to its economy. The state's livestock and red meat exports worldwide were estimated at \$42 million in 1998. China currently imports very little beef, but income growth and rising demand from urban centers are expected to result in significantly increased demand for imports. China consumes far more pork than any other country, but its trade barriers have effectively closed its market to imports. Under its WTO accession agreement, China will lower its tariff from 45 percent to 12 percent on frozen



beef cuts, and from 45 percent to 25 percent on chilled beef, by 2004. It will also cut its tariffs on frozen pork cuts and beef and pork offal from 20 percent to 12 percent. There will be no quantity limits at these tariff levels. As a result of the 1999 U.S.-China bilateral agreement, China agreed to accept all beef and pork from the United States that is certified wholesome by USDA.

Solid Wood Products—Georgia boasts the fifth largest lumber industry. Spurred by the elimination of certain tariffs on logs and lumber in the 1990's, China has emerged as the world's third largest wood importer. U.S. value-added wood exports to China are at record levels. Under its WTO accession agreement, China will substantially reduce its remaining tariffs on value-added wood products by 2004. Tariffs on plywood will drop from 15 percent to 4 percent. Existing tariffs set at 18 percent on particleboard, oriented strandboard, doors, windows, and flooring will drop to 4 percent, and fiberboard tariffs, currently ranging from 12-18 percent, will drop to 4-7.5 percent.